

STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2012

Vol. 21 No. 3

HAPPY HOLIDAYS TO ALL OF YOU

Superintendent Mike Flanagan and the Office of State Aid and School Finance staff (Phil, Sandy, Jeff, Brian, John, Chris, Chad, Glenda and Dan) wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming new year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for the support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third regular payment of the 2013 fiscal year. The payment will be electronically transferred to the districts' accounts on Thursday, December 20, 2012.

Pupil membership – October 2012 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Michigan Student Data System (MSDS) were used in the calculation of the blended membership count for the December payment.

Updated categoricals – The following categoricals were updated in the December payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov)
- MPSERS Cost Offset - Section 147 (Glenda Rader, State Aid and School Finance, (517) 335-0524, RaderG@Michigan.gov)
- Court Placed Children – Section 24 (Dianne Easterling, Office of Special Education, (517) 241-1235, EasterlingD@Michigan.gov)

HOUSE BILL 5267/SECTION 25 OF STATE SCHOOL AID ACT

As reported in previous UPDATES, Section 25 of the State School Aid Act was amended for FY 2013 to allow school districts including public school academies to count a prorated share of an FTE and, therefore, earn a prorated state school aid foundation for pupils who enrolled after the Pupil Membership Count Day (October 3, 2012 for FY 2013). House Bill (HB) 5267 includes an amendment to Section 25 that states "...this Section applies beginning in 2013-14." In other words, districts would not be allowed to count a prorated FTE for pupils enrolling after the Pupil Membership Count Day for the 2012-13 school year if HB 5267 is enacted. At the time of this UPDATE, HB 5267 has been passed by the Michigan Legislature and presented to the Governor for signature. If/when the Governor signs the legislation into law, the Department will send an official communication to that effect. HB 5267 also would restore for FY 2012-13 the previous Section 25 language that allows a Strict Discipline Academy to count a prorated FTE for pupils transferring from another district/academy and enrolling in the Strict Discipline Academy after the Pupil Membership Count Day. Questions related to this item may be directed to Brian Ciloski at (517) 373-3352 or CiloskiB@Michigan.gov.

FY 2012 FID DATA

The Department would like to thank school district administrators for submitting the FY 2012 FID data. Department staff is beginning to review the data for quality. Specific e-mails will be sent to FID users requesting corrections within the next few weeks. The FID remains open at this time for districts to submit updated files. Once the final FID data have been processed, preliminary 2014 Indirect Cost Rates and 2012 Maintenance of Effort will be calculated. It is anticipated that staff will run those calculations during the first week of February 2013. Questions related to this item may be directed to Glenda Rader at (517) 335-0524 or e-mail: RaderG@Michigan.gov.

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 15, 2012 submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for the districts with outstanding reports as of December 3, 2012 the December payment has been withheld. Payments will continue to be withheld until the required reports are received. Questions regarding the *audit reports* may be directed to Naomi Krefman, Office of Audits, (517) 335-6858, or e-mail: KrefmanN@Michigan.gov.

Districts with questions pertaining to the *FID* may contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there

remain a few noncompliant districts. As noted above, we appreciate the cooperation of all those who have filed their reports in a timely manner.

SECTION 22G CONSOLIDATION OF SERVICES/OPERATIONS GRANTS

A memo dated September 13, 2012 was sent from the Department to local and intermediate school districts advising of the requirements and criteria for accessing the State School Aid Act Section 22g Consolidation of Services/Operations grant funds. As mentioned in previous UPDATES a total of \$10 million is appropriated in FY 2013 to support districts and intermediate districts that are currently in the process of, or planning the consolidation of services and/or operations between districts, intermediate districts, or other local units of government, or the consolidation of districts or intermediate districts. Approximately 50 Section 22g grant applications were received through the MEGS+ system. The competitive review process for the Consolidation of Services/Operations grants will begin this month for districts that have submitted grant applications, which were due November 30, 2012. These funds may be used for the reimbursement of transition costs associated with the consolidation and will be awarded based on cost savings, efficiencies, and educational benefits to the districts involved. The review of these competitive grant applications is scheduled to be completed by January 31, 2013, with awards being announced the following week. Questions related to the Section 22g grant process may be directed to Chris May, Office of State Aid and School Finance at (517) 335-1263 or by e-mail at MayC@Michigan.gov.

BUDGET AND SALARY /COMPENSATION TRANSPARENCY REPORTING REMINDER

Every district receiving State School Aid is required to post Budget and Salary/Compensation Transparency Information on the district website. The Department has revised its guidelines for posting financial data to district websites based on amendments to the applicable statutory language (Section 18(2) and 18(3) of the State school Aid Act, MCL 388.1618). Some of the more recent changes to the reporting requirements include listing bids for medical benefit plans, providing a link to the MI School Data website, and posting a complete copy of your approved Deficit Elimination Plan (for those districts experiencing a negative fund balance). In addition to these changes, the Department has also created a template to follow when designing the district's web page. The idea behind this template is to ensure that data elements found on each district webpage are consistent in form, manner and time frame. The Department's guidelines for posting financial data to district websites as required by the above referenced statute is available at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-159882--_00.html on the Department's website. Among the items that we would expect to see updated include any board adopted budget revisions that have occurred since July, a link to the MI School Data portal, and the 2012 FID data charts (Current Operating Expenditures and Personnel Expenditures). The FID charts may be accessed/downloaded from the "Reporting" tab in the FID System. Questions related to the Budget and Salary/Compensation Transparency reporting should be directed to Chad Urchike, Office of State Aid and School Finance at (517) 335-1261 or UrchikeC1@Michigan.gov. You may also contact Jeff Kolb at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov.

SECTION 22F BEST PRACTICES FUNDING

As reported in prior UPDATES, the State School Aid Act continues to include Section 22f that allocates \$80 million to be paid out at the rate of \$52 per pupil to districts that meet at least 7 of 8 "best practices" by June 1, 2013. Approximately 140 districts have submitted a Section 22f resolution. If the resolution was received prior to the calculation of the December payment, Section 22f funding was included in the payment. We will continue to update a report listing the districts that have submitted the resolutions along with the requirements met and the date that the resolutions were received. That report may be found at the following URL:

http://www.michigan.gov/documents/mde/district_resolutions_for_best_practice_364369_7.pdf

WELCOME CHAD and CHRIS!

The Office of State Aid and School Finance is very pleased to introduce two new staff members, Chad Urchike and Chris May, who join us as Financial Analysts. Chad will be assisting with our deficit district monitoring process and budget transparency reviews. Chris will start out administering the competitive grant process for the Section 22g \$10 million Consolidation of Services and Operations funds. Chad can be contacted at (517) 335-1261 or e-mail UrchikeC1@Michigan.gov. Chris can be contacted at 517 335-1263 or e-mail MayC@Michigan.gov.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$306.8256492713 per pupil.

The Headlee Obligation for Data Collection funds are being paid at a rate of \$24.5019532539 per pupil.